
For the Economic Affairs Interim Committee

Department Head: Ron de Yong, Director (appointed by Governor with Senate approval)

FTE / Main Administrative Divisions:

- 115.74 full-time equivalent positions (down 2.79 from FY 2014-2015)
- *Centralized Services Division*, funded with a mix of costs assessed to the other two divisions plus indirect cost reimbursement from federal grants, administrative assessment for state special and proprietary revenue accounts the division supports, and some general fund.
- *Agricultural Sciences Division*, funded with general fund, state special revenue (85% of funding from fees assessed for regulation or registration), and federal special revenue (including for noxious weed mitigation).
- *Agricultural Development Division*, funded with general fund, state special revenue (about 44%), proprietary (48%), and federal special revenue

Description and Responsibilities:

- Department constitutionally required for protecting, enhancing, and developing all agriculture. (Article XII, Section 1)
- Licenses and regulates produce/commodity dealers and commodity warehouses, including use of bonds and claims against bonds.
- Provides inspectors and graders for agricultural products.
- Maintains a testing laboratory for certifying grade or protein of grains.
- Licenses facilities that condition agricultural seed and assesses fees on certain sales.
- Registers and regulates apiaries.
- Licenses, inspects, regulates plant nurseries.
- Oversees and provides management help to control pests and weeds.
- Licenses commercial pesticide applicators and dealers.
- Licenses, inspects, and regulates commercial feed, pet foods.
- Regulates fertilizers and licenses distributors.
- Shares with the Department of Environmental Quality a duty to inspect and regulate hazardous waste pesticide and pesticide container recycling.
- Retains appraisers for losses insured by Board of Hail Insurance.
- May inspect produce under Montana Produce Act.
- Collects and publishes statistics on ag products' and allied interests' production/marketing.
- Assists and promotes the organization of farmers' institutes, societies, and the holding of fairs, livestock shows, or other ag exhibits.
- Helps devise and maintain distribution systems.
- May maintain a market news service and act as a clearinghouse for producers and consumers.

Administratively Attached Entities:

with Governor appointments

- Montana Agriculture Development Council 2-15-3015, 90-9-103, MCA
- Montana Alfalfa Seed Committee 2-15-3004, MCA
- Board of Hail Insurance 2-15-3003, MCA, and Title 80, ch. 2, part 2
- Montana Wheat and Barley Committee 2-15-3002, MCA

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with Department appointments

- Noxious Weed Management Advisory Council 80-7-805, MCA
- Montana Noxious Weed Seed Free Forage Advisory Council 80-7-904, MCA
- Montana Cherry Advisory Committee created under 80-11-510, MCA (allowing department to set up)
- Organic Commodity Advisory Council, required under 80-11-601 once certification program created.
- Montana Potato Advisory Committee, created under 80-11-510, MCA
- Montana Pulse Crop Advisory Committee, created under 80-11-510, MCA
- Vertebrate Pest Management Advisory Council, 80-7-1104 allows department to create but it hasn't.
- Advisory Council on special pesticide problems, 80-8-108 allows department to create but it hasn't.

Legislative Audits:

- Financial Compliance Audit - [February 2014](#) - No recommendations for changes.
- Performance Audit, State Grain Laboratory Operations and Future Viability, [January 2008](#). [Followup](#)

Agency Bills Passed During 2015 Session:

- [HB 91](#) - Standardize per diem for all agricultural boards and committees.
- [HB 105](#) - Allowing Department of Agriculture to provide analytical laboratory services.
- [HB 108](#) - Limiting administrative expenses for noxious weed program to 12% of grant-contract awards in the previous year.
- [HB 109](#) - Allowing Department of Agriculture to provide sampling services in crop-related disputes.
- [SB 78](#) - Eliminating the Mint Committee.

Other Important Agriculture Bills in the 2015 Session:

- [HB 206](#) - Removing requirement that Grass Conservation Commission meet in Helena.
- [HB 265](#) - Allowing use of alfalfa seed assessments, grants, and gifts for the alfalfa leaf-cutting bee program.
- [HB 252](#) - Removing dedicated 30% of Research and Commercialization funds for clean coal or renewable research projects.
- [HB 390](#) - Revising process for creating commodity advisory committees and their voting and operating processes.
- [SB 255](#) - Doubling from \$500 to \$1,000 the amount a school's agricultural education program can get for a full-time equivalent agricultural education specialist, and allowing prorated amounts. Raising amounts provided for agricultural education courses or staff.
- [SB 261](#) - Creating the Montana Greater Sage-Grouse Stewardship Act.
- [HB 453](#) - Did not pass - would have required a 5-year reserve and allowed a line of credit from the Board of Investments for the Board of Hail Insurance as an alternative to reinsurance.

Hot Topics and Areas of Interest to Economic Affairs Committee:

- *Extension and Pesticide Application Training*

The Department of Agriculture and Montana State University - Bozeman are revising how private applicator training is to be done in Montana. This has raised some concern among extension agents, who have relied on MSU-Bozeman for the training. The issue has cost implications and is influenced in part by changes in U.S. Environmental Protection Agency rule changes.

- *Trans Pacific Partnership (TPP)*

The proposal before Congress would impact Montana agricultural trade. An article in Montana Grain

Department of Agriculture

Agency Overview

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News says a delay in TPP implementation would potentially block "more than 600,000 MT [metric tons] of U.S. wheat over the next two years from customers who want to import it." [December 2015, p. 18]

• *Montana-North Dakota Dispute over Pea and Lentil Checkoff Fees*

All pulse farmers pay a 1% checkoff fee based on sales. The checkoff fees typically are used for research and marketing in each state, usually handled by two national groups to which both North Dakota and Montana send the checkoff fees. Some Montana farmers sold their crops to elevators in North Dakota where the checkoff fees were collected. A news article in September 2015 noted that North Dakota was not returning the checkoff fees from Montana pulse producers, to an amount of about \$300,000 over a 3-year period. An agreement last fall between the states provided for quarterly audits but did not ask for the \$300,000 back because the money was accounted for and sent to the two national groups to whom Montana also would have sent the money, according to a Department attorney. Both states reportedly have implemented more robust tracking and accounting systems to ensure timely settlement of the checkoff funds collected during cross-border transactions.

Department of Agriculture Divisions, Selected Programs, FTE, and FY2016-17 Funding*

Program	FY '15 FTE	General Fund		State Other		Proprietary		Federal	
		FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY '16	FY '17
Central Services	15	\$156,041	\$114,106	\$1,184,522	\$1,198,107	\$129,784	\$133,143	\$108,197	\$111,147
Ag Sciences	62.52	\$244,647	\$249,256	\$7,536,616	\$7,681,251	0	0	\$1,087,194	\$1,106,970
Ag Development	38.22	\$1,270,453	\$1,286,338	\$7,438,046	\$7,439,660	\$7,986,916	\$7,998,725	\$106,532	\$106,472
Growth thru Ag		\$625,000	\$625,000	\$415,948	\$416,622	0	0	0	0
Wheat & Barley*		0	0	\$4,623,597	\$4,644,199	0	0	0	0
Grain Lab*		\$127,000	\$127,000	\$1,072,871	\$1,112,061	0	0	0	0
Commodities*		0	0	\$983,049	\$923,349	0	0	0	0

* Notes:

- (1) Amounts include funding from House Bill 2, House Bill 13, and Statutorily Appropriated Funds.
- (2) Growth Through Ag, Wheat & Barley, and the Grain Lab are included in Ag Development Funding
- (3) Commodities also included in Ag Development Funding for research and market development programs related to pulse crops (peas, lentils, etc.), potatoes, and cherries.

Source: Statewide Accounting, Budgeting and Human Resource System (SABHRS)
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